



# TABLE OF CONTENTS

	PAGE
Summary.....	1
FY 22 Budget Overview .....	1
FY 22 All Funds Budget .....	1
FY 22 Planning Process.....	5
FY 22 Budget Plan	
Consolidated .....	6
MU .....	8
UMKC .....	13
Missouri S&T .....	19
UMSL .....	24
Hospital Units.....	30
System Administration .....	32
University-wide Units .....	34
Fund Budget/View .....	36

# UM Fiscal Year 2022 Operating Budget

## Summary

The University's Fiscal Year 2022 Operating Budget was approved at the June 2021 meeting of Curators meeting. The FY 2022 budget reflects the culmination of planning efforts undertaken by each institution throughout the spring. With the pandemic stabilizing, the University's FY 2022 budget represents a return to more stable operations.

## Budget Overview

The FY 2022 all funds revenue budget is \$3.7 billion. The following table shows the FY 2022 revenue budget by revenue source (\$'s presented in millions)

	MU	Healthcare
FY 2022 Revenue Budget		

## FY 2022 All Funds Budget

The pie chart on the left indicates major sources of revenues for the University of Missouri. The unrestricted portion of the academic enterprise represents 39% of available funds consisting of auxiliaries, tuition, and state support. Healthcare continues to grow and represents another 40% of revenues. The remaining 21% is spread largely across restricted sources, such as gifts, endowment distributions, and grants. The chart on the right shows that 61% of the total budget is spent for compensation, 6% for depreciation and 33% of all other types of expenditures. Compensation remains the largest expense of the University.

## Next Steps

After the FY 2022 budget process, each university will spend the fall completing the five-year financial plan and financial performance targets to be presented at the February Board of Curators Meeting. The financial plan serves as the link between the strategic plan, capital plan, and operating budget and also serves as the time to reset financial performance targets as codified in Collected Rule 140.025. The financial planning process will focus each University on ensuring their strategy is built upon sustainable financial performance

## FY 2022 University of Missouri Budget

The FY 2022 budget plans reflects the actions necessary for each institution to emerge from the pandemic.

For FY 2022, each university built a budget to balance expenditures within available revenues in the midst of the pandemic. The financial planning process will be completed in the Fall of 2021 to begin tying together desired strategic outcomes with aligned financial and capital plans.

### Rating Agency Outlook

Moody's updated the higher education market outlook from "negative" to "stable" noting improved revenue forecast over the next year and half. Moody's notes the following key factors in their outlook revision release from March 2021:

Return to campus in fall 2021 expected to increase tuition and auxiliary revenue. The expectation campus presence will increase in comparison to prior fall, will drive revenue growth in housing and dining and other student auxiliary operations. However, there is still an unpredictability in enrollment yield rates due to the atypical recruiting cycle and test optional admissions.

"Additionally, the typical recruiting cycle was interrupted for fall 2021, and the move to test optional admissions has significantly shifted student application patterns, leading to difficulty in predicting yield rates for fall



Consolidated Summary

Schedule 1



As schedule 1 demonstrates, the University projects revenues to increase FY 2020 by 9% and grow over the projection for FY 2021 by 2%:

- x Net Tuition Revenues are projected to grow by 3% or \$8.4M year over year, additional discussion is provided for each institution. In addition, Federal Pell Grants (line 4) and Government Scholarship Funding (line 5) represent amounts provided to the University as additional aid to students. The long-term success of the academic enterprise is dependent on successful growth these revenue streams
- x CARES Act Funding as presented on line 6 of the income statement represents federal stimulus funding awarded which allowed the university to recover increased expenses related to reopening the universities, supported infrastructure for remote learning, and recovered lost revenues stemming from the pandemic. \$20.4 CARES funding is allocated to Net Tuition and Fees, included in line 2, to offset financial aid grants to students awarded as part of the federal stimulus package.
- x State Appropriations are budgeted at the amount Truly Agreed and Finally Passed (TAFP) by the legislature for the 2021 legislative session. Appropriations for capital projects (HB19) are reported as "State Capital Appropriations" on line 27.
- x Discussions around remaining operating revenues will be provided for each unit.

The University's operating expenses are projected to increase over FY 2020 by 6% and grow over the projection for FY 2021 by 5%:

- x Discussions of operating expenses related to Salaries and Wages, Supplies Services and Other, Depreciation, and Interest expenses are included in the section for each university that follows.
- x Benefits are projected to grow in line with the growth in Salaries and Wages. Benefits remain an area that will apply upward pressure on the institution's costs over the long-term. Contributions for the pension plan will increase over the coming years to fund the pension liability based upon the current funding policy. The Board will review and approve pension assumptions and funding plans during 2022. Benefits budgets also reflect a 5% decrease in medical costs as a result of the medical plan changes implemented for calendar year 2022. Additional areas of increase include unemployment insurance from the high level of personnel actions taken by the University to deal with the pandemic in FY 2021 and FY 2022. In total, the benefits expense grew due to increased contributions necessary for retirement offset by the changes to the medical plan. The University will continue to manage benefit costs with a focus towards market competitiveness and manage costs in line with the corresponding labor market.

MU

MU's FY 2022 budget reflects the institution's emergence from the pandemic. In 2020 and FY2021, MU took the necessary actions to balance budgets and protect resources to respond to the unknown aspects of the budget. MU's budget carries forward the necessary permanent actions into the FY2022 budget and invests the revenue growth in the key priorities of research growth, student success, and academic excellence.

Schedule 2 MU FY 2022 Budget (Dollars in Thousands)

Simplified View Statement of Revenues, Expenses, and Changes in Position - non-GAAP - Unaudited

Line No.		Actuals FY 2019	Actuals FY 2020	Projected FY 2021	Budget FY 2022
Operating Revenues					
1	Tuition and Fees	\$ 419,279	\$ 432,603	\$ 441,051	\$ 458,111
2	Less Scholarship Allowances	171,671	184,088	201,048	206,306
3	Net Tuition and Fees	247,608	248,515	240,003	251,805
4	Federal Pell Grants	21,702	22,520	22,620	24,000
5	Government Scholarship Funding	18,955	14,894	13,272	14,000
6	Institutional CARES Act Funding	-	7,711	55,132	21,600
7	Grants and Contracts	210,471	219,499	225,345	237,887
8	Auxiliary Enterprises	274,339	258,060	248,361	272,541
9	Patient Medical Services, Net	246,068	256,272	267,673	278,123
10	Other Operating Revenues	38,916	39,309	30,631	30,763
11	State Appropriations	208,149	188,295	218,723	228,028
12	Federal Appropriations	17,198	17,237	18,256	18,542
13	Private Gifts	43,752	37,864	30,408	35,069
14	Spendable Investment Income (Moody's)	88,646	94,453	96,637	108,241
15	Total Operating Revenues	1,415,804	1,404,629	1,467,061	1,520,599
Operating Expenses					
16	Salaries and Wages	785,164	814,562	789,103	833,801
17	Benefits	216,353	226,984	233,000	256,687
18	Supplies, Services and Other Operating Expenses	281,558	261,487	245,728	277,934
19	Depreciation	85,625	83,301	85,735	85,735
	Total Operating Expenses	1,368,500	1,386,333	1,353,556	1,454,197



Schedule 3: MU Net Tuition Revenue Detail

	Actuals FY 2019	Actuals FY 2020	Projected FY 2021	Budget FY 2022
Undergraduate				
Resident	15,956	16,044	17,101	17,500
Non-Resident	4,610	4,481	4,197	4,100
Total Undergraduate	20,566	20,525	21,298	21,600
Graduate/Professional	4,796	4,823	4,972	5,000
Undergraduate Tuition				
Resident	\$ 132,539	\$ 143,242	\$ 158,248	\$ 171,632
Non-Resident	96,665	98,429	99,486	100,373
Total Undergraduate Tuition	229,204	241,671	257,734	272,005
Graduate/Professional Tuition	76,818	80,378	79,688	82,927
Undergraduate Supplemental Fees	37,849	41,171	44,629	45,319
Graduate/Professional Supplemental Fees	7,028	6,486	7,167	6,784
Activity and Facility Fees	16,622	16,913	17,647	19,304
Continuing Education Fees	47,568	42,118	30,709	28,689
Other Educational Fees	4,190	3,866	3,477	3,083
Total Tuition and Fees(Line 1)	\$ 419,279	\$ 432,603	\$ 441,051	\$ 458,111
Unrestricted				
Undergraduate	\$ (71,574)	\$ (83,713)	\$ (97,574)	\$ (91,510)
Graduate/Professional	(33,098)	(33,804)	(32,806)	(36,088)
Miscellaneous Aid	(3,313)	(3,596)	(3,782)	(3,852)
Total Unrestricted Aid	(107,985)	(121,113)	(134,162)	(131,450)
Restricted Donor Aid				
Undergraduate	(12,413)	(12,515)	(21,143)	(23,707)
Graduate/Professional	(3,705)	(4,495)	(4,246)	(4,347)
Total Restricted Donor Aid	(16,118)	(17,010)	(25,389)	(28,054)
Restricted Non-Gift Aid/Waivers	(6,912)	(8,551)	(5,605)	(8,802)
Federal Pell Grant Aid	(21,702)	(22,520)	(22,620)	(24,000)
Government Scholarships	(18,955)	(14,894)	(13,272)	(14,000)
Total Scholarship Allowances(Line 2)	\$ (171,671)	\$ (184,088)	\$ (201,048)	\$ (206,306)
Net Tuition and Fees(Line 3)	\$ 247,608	\$ 248,515	\$ 240,003	\$ 251,805
Federal Pell Grants(Line 4)	\$ 21,702	\$ 22,520	\$ 22,620	\$ 24,000
Government Scholarship Funding(Line 5)	\$ 18,955	\$ 14,894	\$ 13,272	\$ 14,000

x The enrollment numbers presented in the schedule above represent projected fall census. MU is budgeting a fall undergraduate enrollment increase of 2% over prior year. As shown in the trends above, the goals and strategies put into place in 2019 enhanced student access and increased the undergraduate enrollment by 5% from Fall

2019. Scholarship expense grew to reflect the need to invest to both grow enrollment and improve the overall quality of the incoming class. MU continues to see growth in graduate and professional degree programs.

- x The gross tuition and fee budgeted amounts include rate increases approved by the Board in May 2021.
- x The \$11.2M increase over FY 2020 in undergraduate restricted donor aid in FY 2021 and 2022 stems from the Promise & Opportunity Scholarship and Next Generation Merit Scholarship Programs that were both implemented as a part of the Missouri Compacts program.

### Operating Expenses

Overall, MU's operating expenses are projected to increase within revenue growth reflecting increased spending as the University emerges from the pandemic. Schedule 4 and 5 provides additional detail changes in Salaries and Wages and Supplies Services and Other for the FY 2022 budget.

### Schedule 4: MU Salaries and Wages Data (Dollars in Thousands)

	Actuals FY 2019	Actuals FY 2020	Projected FY 2021	Budget FY 2022
<b>Salaries and Wages</b>				
<b>Teaching and Research</b>				
Unrestricted	\$ 324,243	\$ 331,574	\$ 335,549	\$ 345,636
Restricted (Gifts & Grants)	69,971	73,826	73,205	78,209
<b>Total Teaching and Research Salaries</b>	<b>394,214</b>	<b>405,400</b>	<b>408,754</b>	<b>423,845</b>
<b>Staff and Supporting Services</b>				
Operations and Service Operations	176,439	183,498	169,707	175,127
Auxiliary Enterprises	81,563	91,228	81,642	90,865

### Salaries and Wages

- x All wages for FY 2022 budget include the effect of a 2% performance-based merit and market raise pool.
- x Teaching and Research (Unrestricted) represent faculty and teaching salaries funded from tuition and state appropriations is budgeted to increase by \$10 million from FY 2021 projection. The budgeted increase represents additional faculty and targeted investments to enhance the overall quality of the University's faculty. This increase in cost will provide additional teaching and research capacity providing students with access to additional course selections
- x Teaching and Research (Restricted) represent faculty and researcher salaries funded from grants and gifts. Spending on these salaries is contingent upon available revenues and is anticipated to increase by 7% or \$5 million from FY 2021 projection

- x Operations and Service Operations are budgeted to increase from FY 2021 projection, reflective of the 2% raise podh total, staff size will remain close to projected levels from FY 2021.
- x Auxiliary Enterprises wages are budgeted to increase year over year by \$9.2 million. This increase is attributed to the increase in campus presence in Fall 2021 and represents a return to normal operations.
- x Patient Service staff wages are budgeted to increase by \$8.7 million correlating with the growth in anticipated volumes. During the pandemic clinic positions were left vacant, with the anticipated expansion, these positions will need to be filled.
- x Staff (Restricted) funded from grants and gifts are anticipated to increase by \$6.3 million or 13%. This compensation and workforce size is dependent on the availability of the related revenues to fund research.

Schedule 5: MU Supplies, Services and Other Operating Expenses Detail (Dollars in Thousands)

Supplies, Services and Other Operating Expenses

- x Operations and Service Operations expenditures are budgeted to increase over FY 2021 projection \$11.8 million is related to UM System expense allocation which is offset by \$14.8 million reallocated revenues to MU. Investments of \$5.4 million are include in the FY 2022 budget to support student success and academic excellence. Investments of \$5.7 for research support is also included in the FY 2022 budget to support research revenue and expenditure growth efforts.
- x Auxiliary Enterprises expenditures are budgeted at from FY 2021 projection. This budgeted amount is a reflection of the University no longer needing contracted quarantine space which is off-set by the increase expense from auxiliaries operating at pre-pandemic levels
- x Patient Services expenditures



Schedule 6: UMKC FY 2022 Budget (Dollars in Thousands)

Simplified View Statement of Revenues, Expenses, and Changes in Net Position - non-GAAP - Unaudited

Line No.		Actuals FY 2019	Actuals FY 2020	Projected FY 2021	Budget FY 2022
Operating Revenues					
1	Tuition and Fees	\$ 189,699	\$ 196,383	\$ 195,012	\$ 201,326
2	Less Scholarship Allowances	59,821	61,230	61,685	63,157
3	Net Tuition and Fees	129,878	135,153	133,327	138,169
4	Federal Pell Grants	13,599	12,949	13,000	12,800
5	Government Scholarship Funding	4,079	4,061	4,000	4,000
6	Institutional CARES Act Funding	-	2,948	24,657	10,577
7	Grants and Contracts	36,998	41,597	47,143	53,582
8	Auxiliary Enterprises	41,676	36,342	31,468	40,564
9	Patient Medical Services, Net	37,515	38,567	38,424	38,049
10	Other Operating Revenues	11,861	13,472	15,090	17,051
11	State Appropriations	73,852	64,058	74,060	77,992
12	Federal Appropriations	-	-	-	-
13	Private Gifts	19,092	17,318	10,070	11,605
14	Spendable Investment Income (Moody's)	13,030	13,537	13,720	15,609
15	Total Operating Revenues	381,580	380,002	404,959	419,998
Operating Expenses					
16	Salaries and Wages	193,297	194,985	183,248	202,180
17	Benefits	55,606	57,123	59,715	62,272
18	Supplies, Services and Other Operating Expenses	110,872	97,420	98,365	119,711
19	Depreciation	25,166	24,597	24,560	24,000
20	Interest Expense	9,140	8,611	7,700	8,000
21	Total Operating Expenses	394,081	382,736	373,588	416,164
22	Net Operating Income	(12,501)	(2,734)	31,371	3,834
23	Net Operating Margin	-3.3%	-0.7%	7.7%	0.9%
Nonoperating Revenues (Expenses)					
24	Investment Income (Losses), Net of Fees	12,622	7,228	20,000	22,468
25	Spendable Investment Income (Moody's)	(13,030)	(13,537)	(13,720)	(15,609)
26	Other Nonoperating Revenues (Expenses)	1,051	22,552	-	-
27	State Capital Appropriations	-	-	-	-
28	Capital Gifts and Grants	36,657	12,784	12,000	11,000
29	Private Gifts for Endowment Purposes	436	471	800	800
30	Mandatory Transfers	25	39	-	-
31	Non-Mandatory Transfers	1,375	6,863	1,103	33
32	Net Nonoperating Revenues (Expenses)	39,136	36,400	20,183	18,692
33	Increase in Net Position	26,635	33,666	51,554	22,526
34	Net Position, Beginning of Year	420,480	447,115	501,858	553,412
35	Cumulative Effect of Change in Accounting Principle	-	21,077	-	-
36	Net Position, Beginning of Year, Adjusted	420,480	468,192	501,858	553,412
37	Net Position, End of Period	\$ 447,115	\$ 501,858	\$ 553,412	\$ 575,938

Overall, UMKC's operating margin is \$3.8 million, or 0.9%. The FY2022 budget represents an improvement over a history of operating losses ~~2020~~, FY2019, and several preceding years.



## Operating Revenues:

The biggest driver of the University's overall revenues related to the academic enterprise is enrollment which drives both teaching revenues and the majority of auxiliary enterprises. Lines 1-5 of from Schedule A above are summarized in Schedule B below with the key drivers. Other key areas of revenue for UMKC include:

- x Institutional CARES Act Funding reflects the additional funding available from the Higher Education Emergency Relief Fund (HEERF) from the third round of stimulus passed in the Spring of 2021. Full guidance on this funding has not been issued by the Department of Education as of May 2021, and the University budgeted the full amount of funding in FY2022. Depending on the funding restrictions, this amount could move across fiscal years. For financial statement presentation purposes student aid funded by the CARES Act is not included in the revenues as it is a direct flow through to students. These amounts total to \$2.9 million, \$3.5 million and \$11.4 million for fiscal years 2020, 2021, and 2022, respectively.
- x Grants and Contracts are projected to increase by \$6 million over the prior year. UMKC is committed to improving research competitiveness and has planned to make investments in increasing and improving research infrastructure.
- x Auxiliary Enterprises revenues are budgeted to return to pre-pandemic levels, as the UMKC campus repopulates in the fall.
- x Net Patient Medical Services revenues are budgeted to remain flat for FY 2022. These revenues are contract services provided to the School of Medicine's hospital affiliates by UMKC medical residents
- x State Appropriations are projected to increase by \$1 million over FY 2021 projection. The primary drivers of this increase include the reallocation of appropriations from UM System Administration to the campus and UMKC's participation in the \$5 million core increase provided to the University of Missouri.

Schedule 7: UMKC NetTuition Revenue Detail

	Actuals FY 2019	Actuals FY 2020	Projected FY 2021	Budget FY 2022
Undergraduate Resident	6,072	5,966	5,831	5,831

- x The enrollment numbers above represent budgeted enrollment as of fall census. Overall, UMKC's budget plans for flat enrollment over prior year.
- x The gross tuition and fee budgeted amounts include the Board approved rates for May 2021. UMKC's budget anticipates student course consumption remain at

Schedule 9: UMKC Supplies Service and Other Operating Expenses Detail (Dollars in Thousands)

	Actuals FY 2019	Actuals FY 2020	Projected FY 2021	Budget FY 2022
Supplies, Services and Other Operating Expenses				
Operations and Service Operations	\$ 56,508	\$ 48,022	\$ 45,005	\$ 68,963
Auxiliary Enterprises	19,674	17,188	13,680	15,180
Patient Services	1,229	892	1,098	1,079
Restricted (Gifts & Grants)	21,407	21,481	38,581	34,490
Plant	12,054	9,838	1	-

Supplies, Services and Other Operating Expenses

- x Operations and Service Operations expenditures are budgeted to increase \$23.9 million over FY 2021 projection, \$2.3 million is related to UM System expense allocation which is offset by \$3.2 million reallocated revenues to UMKC. Investment of \$10 million for UMKC Forward is included in the FY 2022 budget to improve student success, faculty development, research, career expansion and community engagement
- x Auxiliary Enterprises expenditures are budgeted to increase by \$1.5 million from FY 2021 projection due to operations resuming back to pre-pandemic levels.
- x Patient Services expenditures are budgeted flat over prior projected year. This represents contracted physician services for the University's Medical School.
- x Restricted expenditures funded from grants and gifts are anticipated to decrease by \$4.1 million from FY 2021 projection. Projected restricted expenditures in FY 2021 trended \$17.1 million higher than prior fiscal years which is attributed to reopening the universities and infrastructure for remote learning funded by federal stimulus funding.
- x Plant expenditures in FY 2019 and FY 2020 had significant unexpected M&R projects surrounding student housing facilities.

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## Operating Revenues:

The biggest driver of the University's overall revenues is enrollment which drives both teaching revenues and the majority of auxiliary enterprises. Lines 1 from Schedule 10 on the previous page are summarized in Schedule 11 on page 26 with the key drivers. Other key areas of revenue for S&T include:

- x Institutional CARES Act Funding reflects the additional funding available from the Higher Education Emergency Relief Fund (HEERF) from the third round of stimulus passed in the Spring of 2021. Full guidance on this funding has not been issued by the Department of Education as of May 2021, and the University budgeted the full amount of funding in FY2022. Depending on the funding restrictions, this amount could move across fiscal years. For financial statement presentation purposes student aid funded by the CARES Act is not included in the revenues as it is a direct flow through to students. These amounts total to \$1.9 million, \$2.6 million and \$7.2 million for fiscal years 2020, 2021, and 2022, respectively.
- x Grants and Contracts are projected to increase by \$2.6 million over the prior year. S&T is committed to improving research competitiveness and has planned to make investments in increasing and improving research infrastructure, including those from the Kummer Institute.
- x State Appropriations are projected to increase by \$5 million over FY 2021 projection. The primary drivers of this increase include the reallocation of appropriations from UM System Administration to the campus and S&T's participation in the \$5 million core increase provided to the University of Missouri.
- x Auxiliary Enterprise revenues are budgeted to flat as undergraduate enrollment numbers are projected to decline.
- x Private Gifts are projected to increase by \$8.1 million, largely driven by the increase in gift funding received by the Kummer Institute for new programming.

Schedule 11 S&T Net Tuition Revenue Detail

	Actuals FY 2019	Actuals FY 2020	Projected FY 2021	Budget FY 2022
<b>Enrollment - Full-time Equivalent</b>				
Undergraduate				
Resident	5,268	4,921	4,714	4,51
Non-Resident	855	818	757	82
Total Undergraduate	6,123	5,739	5,471	5,33
Graduate	1,113	986	874	86
<b>Gross Tuition and Fees \$'s in thousands</b>				
Undergraduate Tuition				
Resident	\$ 43,585	\$ 42,994	\$ 41,688	\$ 40,3
Non-Resident	21,850	22,628	20,752	23,2
Total Undergraduate Tuition	65,435	65,622	62,440	63,5
Graduate Tuition	19,898	17,611	14,850	14,6
Undergraduate Supplemental Fees	24,401	23,579	23,189	22,0
Graduate Supplemental Fees	3,472	3,186	3,000	3,0
Activity and Facility Fees	7,464	7,228	7,683	6,9
Continuing Education Fees	10,234	9,862	9,248	8,92
Other Educational Fees	1,396	1,139	1,140	863
Total Tuition and Fees(Line 1)	\$132,300	\$128,227	\$121,550	\$120,1
<b>Aid Awarded by Institution \$'s in thousands</b>				
Unrestricted				
Undergraduate	\$ (21,383)	\$ (23,507)	\$ (28,377)	\$ (28,8
Graduate/Professional	(16,412)	(14,383)	(10,426)	(9,372)
Total Unrestricted Aid	(37,795)	(37,890)	(38,803)	(38,1
Restricted Donor Aid				
Undergraduate	(3,205)	(8,480)	(8,087)	(7,1
Graduate/Professional	(182)	(240)	(867)	(2,6
Total Restricted Donor Aid	(3,387)	(8,720)	(8,954)	(9,7
Restricted Non-Gift Aid/Waivers	(3,201)	(2,937)	(1,006)	(4,7
Federal Pell Grant Aid	(7,310)	(6,412)	(6,800)	(5,8
Government Scholarships	(6,587)	(6,127)	(6,000)	(5,0
Total Scholarship Allowances(Line 2)	\$ (58,280)	\$ (62,086)	\$ (61,563)	\$ (63,5
Net Tuition and Fees(Line 3)	\$ 74,020	\$ 66,141	\$ 59,987	\$ 56,5
Federal Pell Grants(Line 4)	\$ 7,310	\$ 6,412	\$ 6,800	\$ 5,8
Government Scholarship Funding(Line 5)	\$ 6,587	\$ 6,127	\$ 6,000	\$ 5,0

x The enrollment numbers presented in the schedule above reflect budgeted enrollment for fall census. With the lift of pandemic travel restrictions S&T is anticipating an



- increase in nonresident and international students both at the undergraduate and graduate level.
- x The gross tuition and fee budgeted amounts include the Board approved rates.
  - x The increase in undergraduate unrestricted aid starting in FY 2020 is driven in large by expansion of merit and need-based programs.
  - x The increase in undergraduate restricted donor aid beginning in FY 2020 was a result of the S&T leadership managing and utilizing gift and endowment balances to recruit and retain exceptional students.

#### Operating Expenses

Overall, S&T's operating expenses are projected to increase by 4.4 percent in FY 2020, primarily due to the increase in operating expenses for the Center for Innovation and Entrepreneurship (CIE) and the Center for the Study of Innovation and Entrepreneurship (CSIE).

Schedule 6 S&T Supplies Services and Other Operating Expense Detail (Dollars in Thousands)

Supplies, Services and Other Operating Expenses

- x Operations and Supporting Services expenditures are budgeted to increase \$6.3 million over FY 2021 projection, \$1.2 million is related to UM System expense allocation which is offset by \$2.6 million reallocated revenues to S&T. With the increase in revenue sources, S&T plans to continue invest in technology infrastructure throughout the campus.
- x Auxiliary Enterprises expenditures are budgeted to decrease from FY 2021 projection by \$444 thousand.
- x Restricted expenditures funded from grants and gifts are anticipated to decrease by \$2.6 million from the FY 2021 projection. Projected restricted expenditures in FY 2021 trended \$8.5 million higher than prior fiscal years which is attributed to expenses related to reopening the universities and supported infrastructure for remote learning funded by federal stimulus funding.
- x Plant expenditures are budgeted to increase by \$2.3 million over FY 2021 projections due to planned M&R plant projects.

UMSL

UMSL's FY 2022 budget reflects a return to pre-pandemic operations. Generating enrollment growth is UMSL's highest priority. The FY 2022 budget includes funding for initiatives to increase enrollment including enhanced recruiting and advising, marketing, a branding initiative, and additional investment in Learning. The University continues to review academic programs, including eliminating programs with low demand and

Schedule 17 UMSL FY 2022 Budget (Dollars in Thousands)

Simplified View Statement of Revenues, Expenses, and Changes in Net Position - non-GAAP - Unaudited

Overall, UMSL's operating margin of \$4.7 million, or 2.1% exceeds breakeven. The FY 2022 budget represents an improvement over a history of operating losses in FY 2020 and FY 2019.

## Operating Revenues:

The primary driver of the University's overall revenues is enrollment which drives both teaching revenues and the majority of auxiliary enterprises. Lines 1 from Schedule 17 on the prior page are summarized in Schedule 17 on the next page with the key drivers. Other key areas of revenue for UMSL include:

- x Institutional CARES Act Funding reflects the additional funding available from the Higher Education Emergency Relief Fund (HEERF) from the third round of stimulus passed in the Spring of 2021. Full guidance on this funding has not been issued by the

Schedule 18 UMSLNet Tuition Revenue Detail

	Actuals FY 2019	Actuals FY 2020	Projected FY 2021	Budget FY 2022
Undergraduate				
Resident	7,363	7,083	6,253	6,47
Non-Resident	502	485	476	50
Total Undergraduate	7,865	7,568	6,729	6,98
Graduate/Professional	1,623	1,633	1,549	1,61
Undergraduate Tuition				
Resident	\$ 49,388	\$ 48,524	\$ 48,098	\$ 50,427
Non-Resident	13,189	12,768	11,686	13,320
Total Undergraduate Tuition	62,577	61,292	59,784	63,747
Graduate/Professional Tuition	31,819	33,417	31,449	32,261
Undergraduate Supplemental Fees	11,161	11,253	16,203	14,638
Graduate/Professional Supplemental Fees	3,584	3,879		

x The enrollment numbers presented in the schedule represent budgeted fall census UMSL's student population differs from the other three institutions. Over half of UMSL undergraduate population is part-time and 70% of the graduate students are also.



- x Operations and Service Operations are budgeted to increase by \$1.8 million from FY 2021 projection. This increase is attributed to mandatory salary reductions implemented during the pandemic. These reductions ended in February 2021. Additional resources to support for enrollment recruitment and retention initiatives are also include in the FY 2022 budget.
- x Staff (Restricted) funded from grants and gifts are budgeted to remain flat from FY 2021 projections.

Schedule 20: UMSL Supplies Services and Other Operating Expenses Detail (Dollars in Thousands)

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Schedule 22: MU Healthcare FY 2022 Budget (Dollars in Thousands)

Simplified View Statement of Revenues, Expenses, and Changes in Net Position - non-GAAP - Unaudited

This presentation format matches the higher education presentation of revenues and expenses. The health system follows the healthcare convention in their presentations to the Health Affairs Committee. The main difference is the classification



Leadership from MU Health Care, MU School of Medicine and University Physicians have collaborated in developing core patient volumes for the plan, based upon historical performance, market assessments and internal growth plans. MU Health Care continues to identify and implement stewardship initiatives to offset inflation and downward pressures from third party payors.

This year in particular, there are significant challenges to reimbursement related to the shift of payment methodology for Medicaid outpatient services, reduction in Managed Medicaid reimbursement rates, the uncertainty of Medicaid expansion funding and the push from commercial payors to move outpatient services to hospital settings. MU Health Care is responding to these challenges by...

## UM System Administration

The UM System Business Unit includes administrative and support functions including service centers that provide unduplicated support to the four campuses and health system. As described in the Report to the Board on Administrative Efficiency from the November 2020 Board Meeting:

“Instead of funding administration with state appropriations and investment income, these services will be funded via a cost allocation to the Universities based upon their share of total operating expenses or other cost drivers. The cost allocation for services will also force administrative units to justify the scale and cost of their function to the Universities they support.”

The model has been structured to deliver the right support services, at the right level of the organization efficiently and effectively while supporting the mission. F .9 (. F .9(i)-2 (a)4 t)-

Schedule 23: UM System Administration FY 2022 Budget (Dollars in Thousands)

Simplified View Statement of Revenues, Expenses, and Changes in Net Position - non-GAAP - Unaudited

Line No.		Actuals FY 2019	Actuals FY 2020	Projected FY 2021	Budget FY 2022
Operating Revenues					
1	Tuition and Fees	\$ -	\$ -	\$ -	\$ -
2	Less Scholarship Allowances	118	156	108	50
3	Net Tuition and Fees	(118)	(156)	(108)	(50)
4	Federal Pell Grants	-	-	-	-
5	Government Scholarship Funding	-	-	-	-
6	Institutional CARES Act Funding	-	-	-	-
7	Grants and Contracts	136	512	-	-
8	Auxiliary Enterprises	26,104	22,148	24,800	20,613
9	Patient Medical Services, Net	-	-	-	-
10	Other Operating Revenues	11,288	5,887	4,970	4,478
11	State Appropriations	11,326	10,612	12,289	1,812
12	Federal Appropriations	-	-	-	-
13	Private Gifts	669	109	100	113
14	Spendable Investment Income (Moody's)	17,985	21,800	21,905	6,905
15	Total Operating Revenues	67,390	60,912	63,956	33,871

Operating Expenses 2019 2020 2021 2022  
 16 Salaries and Wages 17,985 17,985 17,985 17,985  
 17 Fringe Benefits 2,625 2,625 2,625 2,625  
 18 Supplies, Services, and Other 10,063 10,063 10,063 10,063  
 19 Depreciation 112 112 112 112  
 20 Other 55 55 55 55  
 21 Total Operating Expenses 30,840 30,840 30,840 30,840  
 22 Total Operating Revenues 67,390 60,912 63,956 33,871  
 23 Operating Income 36,550 30,072 33,116 2,931

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The primary revenue source remaining at UM System is from MOREnet, which provides high speed internet service to schools, higher education, and libraries across the state. MOREnet submitted a balanced budget in 2022, including reductions to match reductions in revenue. In total, the remainder of System Administration's budget expenses grew in line with overall revenue growth and include a 2% performance based market and merit raise pool. The negative \$5 million in Supplies, Services, and Other reflects net collections from the other Universities and Hospital on charges for services to UM System.

Administration's spending increased by 2.5%, largely driven by the implementation of a merit and market 2% raise pool. Savings were realized by the combination of the President and Chancellor roles, elimination of leased space, and reductions to academic support

Schedule 24: Universitywide Units FY 2022 Budget (Dollars in Thousands)

Simplified View Statement of Revenues, Expenses, and Changes in Position - non-GAAP - Unaudited

Line No.		Actuals FY 2019	Actuals FY 2020	Projected FY 2021	Budget FY 2022
Operating Revenues					
1	Tuition and Fees	\$ -	\$ -	-	-
2	Less Scholarship Allowances	33	29	33	33
3	Net Tuition and Fees	(33)	(29)	(33)	(33)
4	Federal Pell Grants	-	-	-	-
5	Government Scholarship Funding	-	-	-	-
6	Institutional CARES Act Funding	-	-	-	-
7	Grants and Contracts	-	-	-	-
8	Auxiliary Enterprises	-	-	-	-
9	Patient Medical Services, Net	-	-	-	-
10	Other Operating Revenues	(253)	523	557	(97)
11	State Appropriations	9,467	9,467	9,466	9,467
12	Federal Appropriations	9,828	9,871	9,826	9,912
13	Private Gifts	1	2	2	2
14	Spendable Investment Income (Moody's)	51,006	55,173	66,009	66,558
15	Total Operating Revenues	70,016	75,007	85,827	85,809
Operating Expenses					
16	Salaries and Wages	(564)	(77)	-	-
17	Benefits	9,806	11,321	(6,101)	(12,002)
18	Supplies, Services and Other Operating Expenses	(8,988)	(14,880)	(1,767)	6,097
19	Depreciation	4,767	4,766	2,732	-
20	Interest Expense	3,010	3,056	5,330	11,104
21	Total Operating Expenses	8,031	4,186	194	5,200
22	Net Operating Income	61,985	70,821	85,633	80,609
23	Net Operating Margin	88.5%	94.4%	99.8%	93.9%
Nonoperating Revenues (Expenses)					
24	Investment Income (Losses), Net of Fees	55,104	(11,213)	23,460	20,205
25	Spendable Investment Income (Moody's)	(51,006)	(55,173)	(66,009)	(66,558)
26	Other Nonoperating Revenues (Expenses)	(94)	(24,529)	(99)	-



